



The Real Estate ANALYST

JULY 28
1961

Volume XXX

© by ROY WENZLICK RESEARCH CORP., 1961

Number 32

Real Estate Economists, Appraisers and Counselors

"FOR RENT" ADS INCREASE

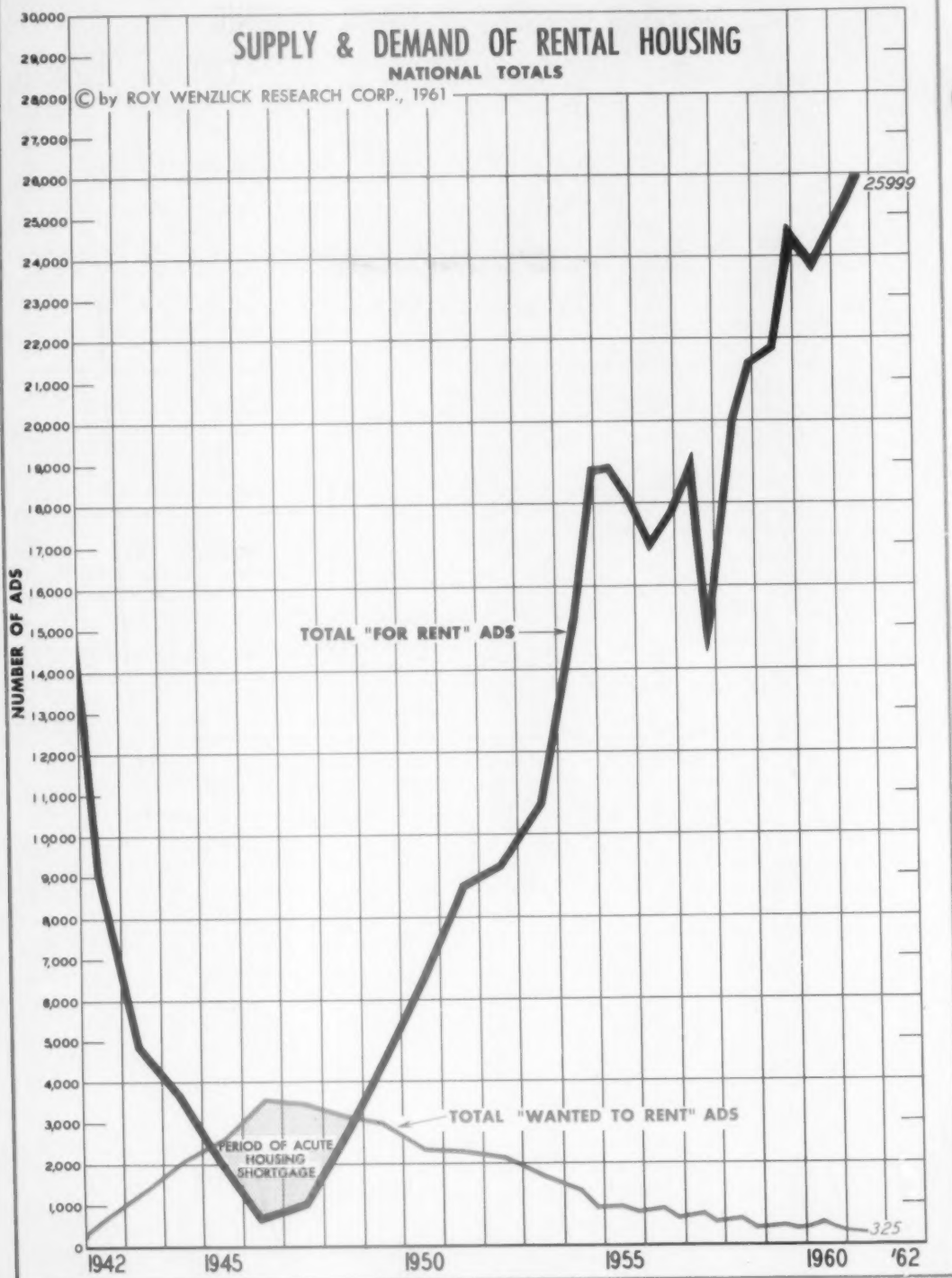
ACCORDING to our latest survey of "For rent" ads in 50 cities, 22 showed increases in the number of ads in May 1961 from last year, and 28 cities showed decreases. The total ad count for all cities revealed an increase, showing a further rise in vacancies of rental housing since October 1960.

The actual ad counts for each city have been charted on pages 382 through 391. From 1945 to 1953 ad counts for the second Sunday of May each year are charted. Since 1953, however, we have included an additional ad count for the second Sunday in October. There are some exceptions to this. Monthly ad totals for May and October are used for Milwaukee, Wisconsin, and Cleveland, Ohio; ad counts from the second Saturday in April and October are used for Winnipeg, Manitoba; and annual ad totals are used for St. Paul and Minneapolis, Minnesota. The blue line on each chart represents "For rent" ads; the red line represents "Wanted to rent" ads.

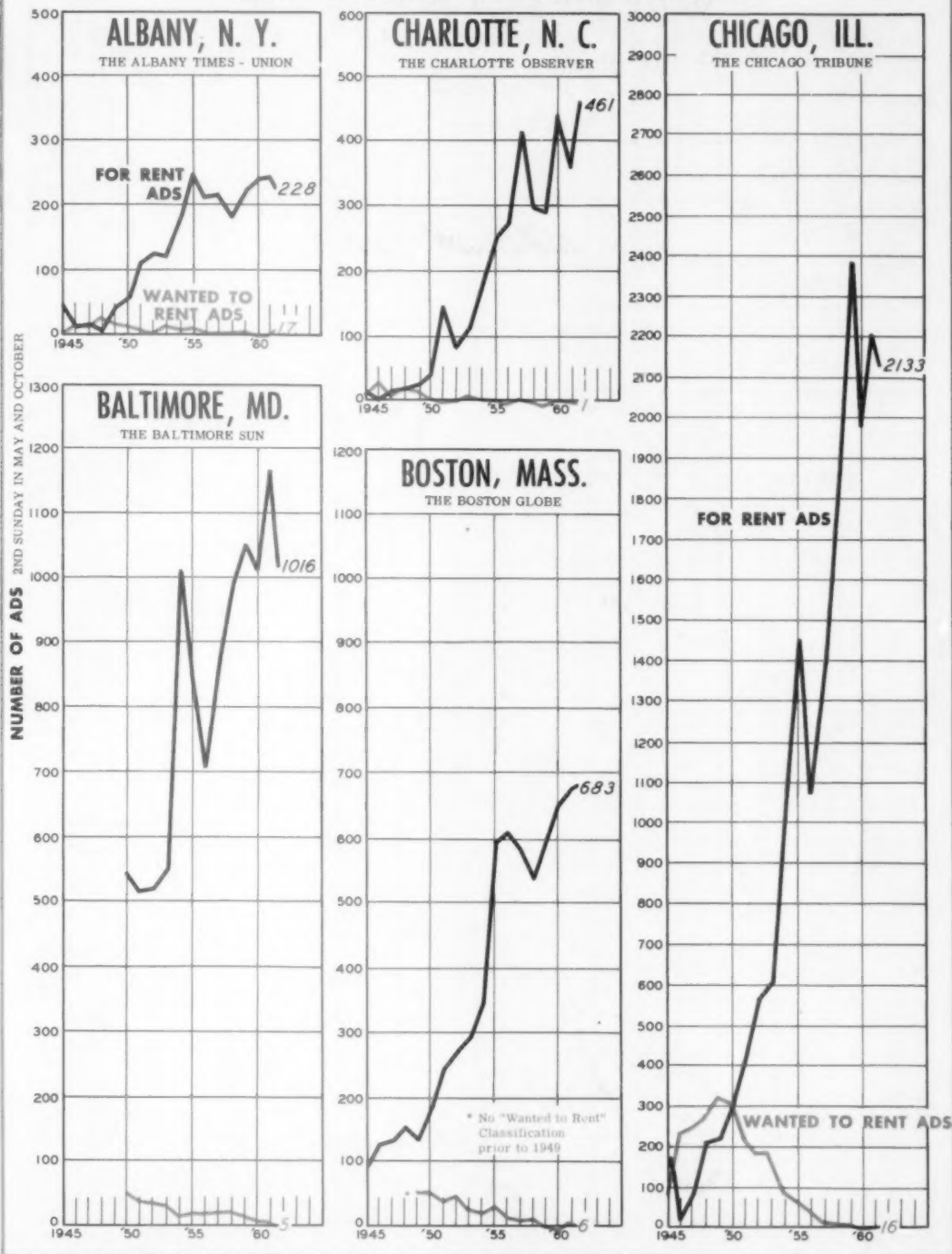
Since we have frequently warned you that these charts do not represent actual vacancies, but the trend of vacancies, we ourselves were surprised at how well they compared with the recent Census data on vacancies for each city that we just received. It is not expected that the percentage change in "For rent" ads should be exactly the same as the percentage change in total vacant units available for rent from spring 1950 to spring 1960. In almost all of the cities the trend in ad counts was in the same direction as the actual number of vacancies. There was one exception, Los Angeles. Therefore, in this report the ad count from the Examiner, which was the previous source for the Los Angeles chart, has been replaced by that of the Los Angeles Times. This gives us just about the right percentage change. While vacant units available for rent increased by 180 percent, the "For rent" ads that we counted in the Los Angeles Times increased 158 percent. In only three cities do our charts give an exaggerated impression of the rise in vacancies -- Charlotte, North Carolina; and Cincinnati and Columbus, Ohio.

In spite of the increasing vacancy experience, proportionately more apartment buildings are being built than in any other period since 1929. In 1955 rental-type dwelling units represented only 9 percent of all units built. In 1959 and 1960 they had increased to 19 and 21 percent of all units constructed. While single-family dwelling unit construction has declined during the first

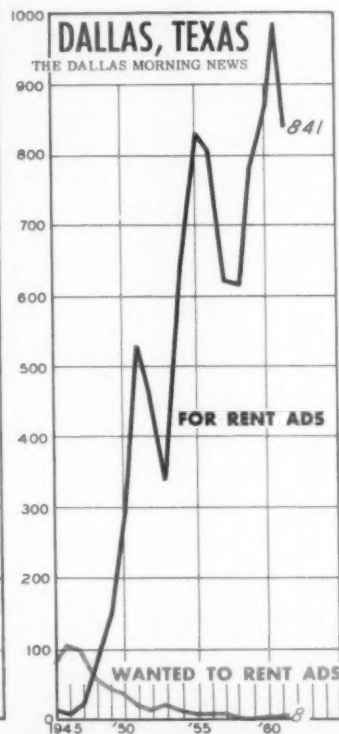
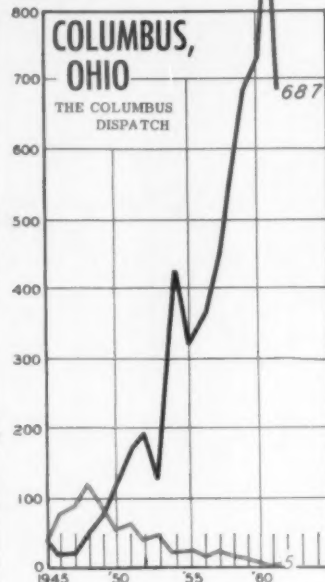
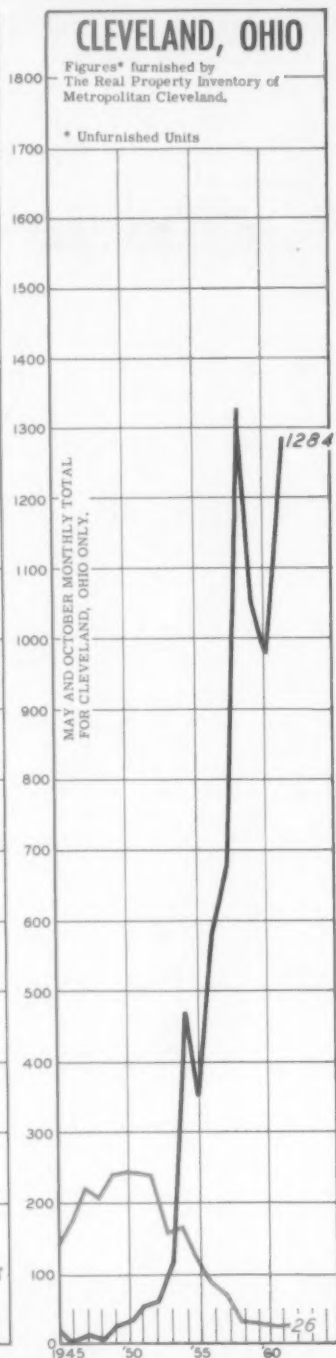
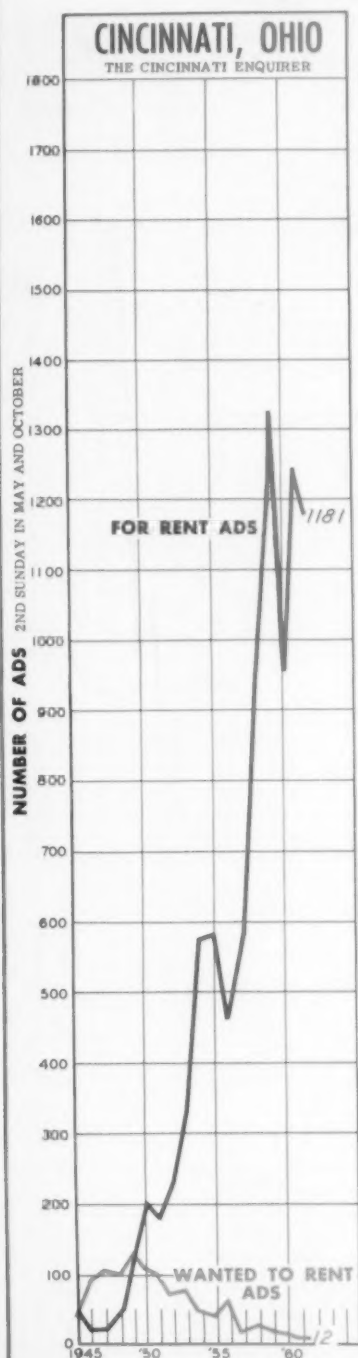
(cont. on page 392)



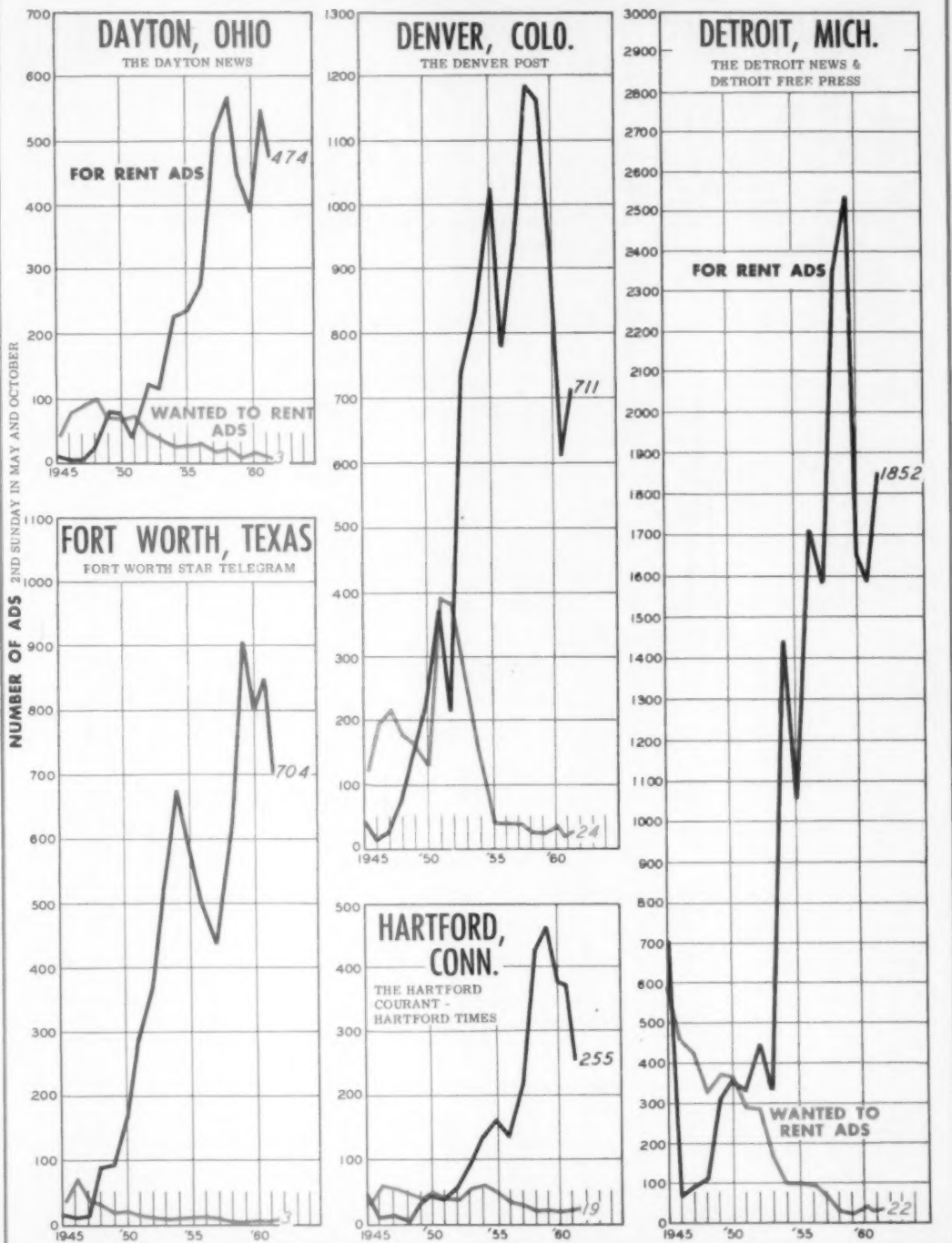
SUPPLY & DEMAND OF RENTAL HOUSING



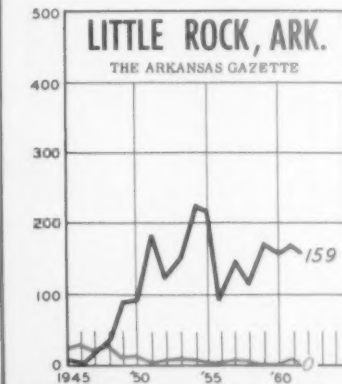
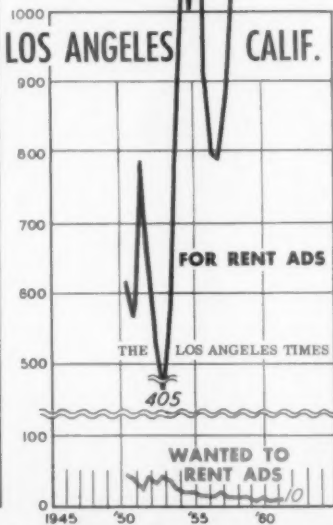
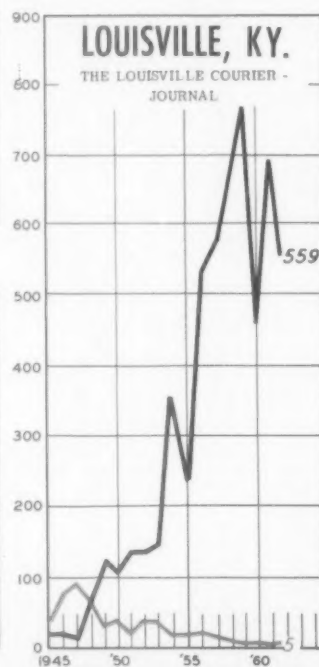
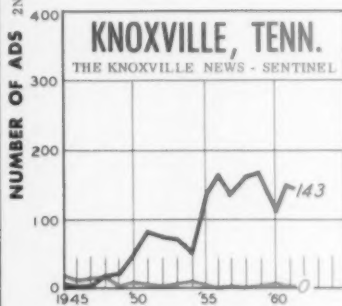
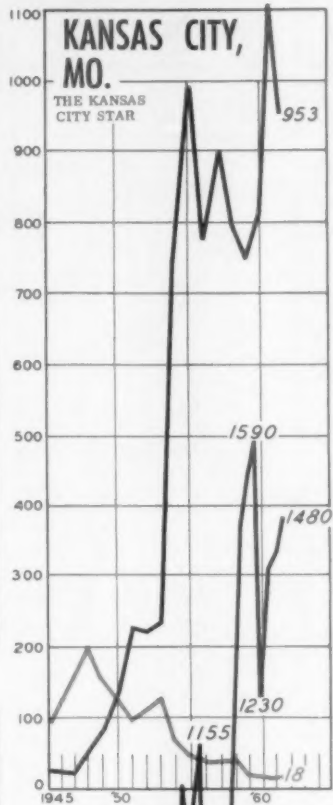
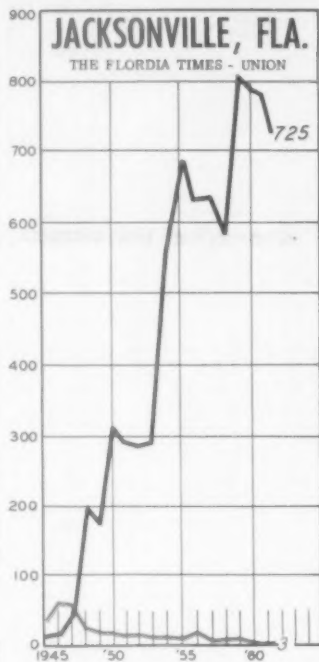
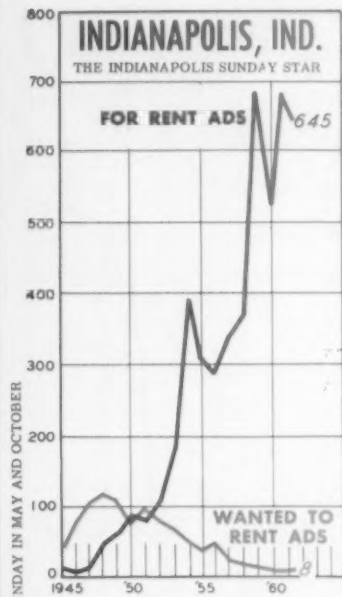
SUPPLY & DEMAND OF RENTAL HOUSING



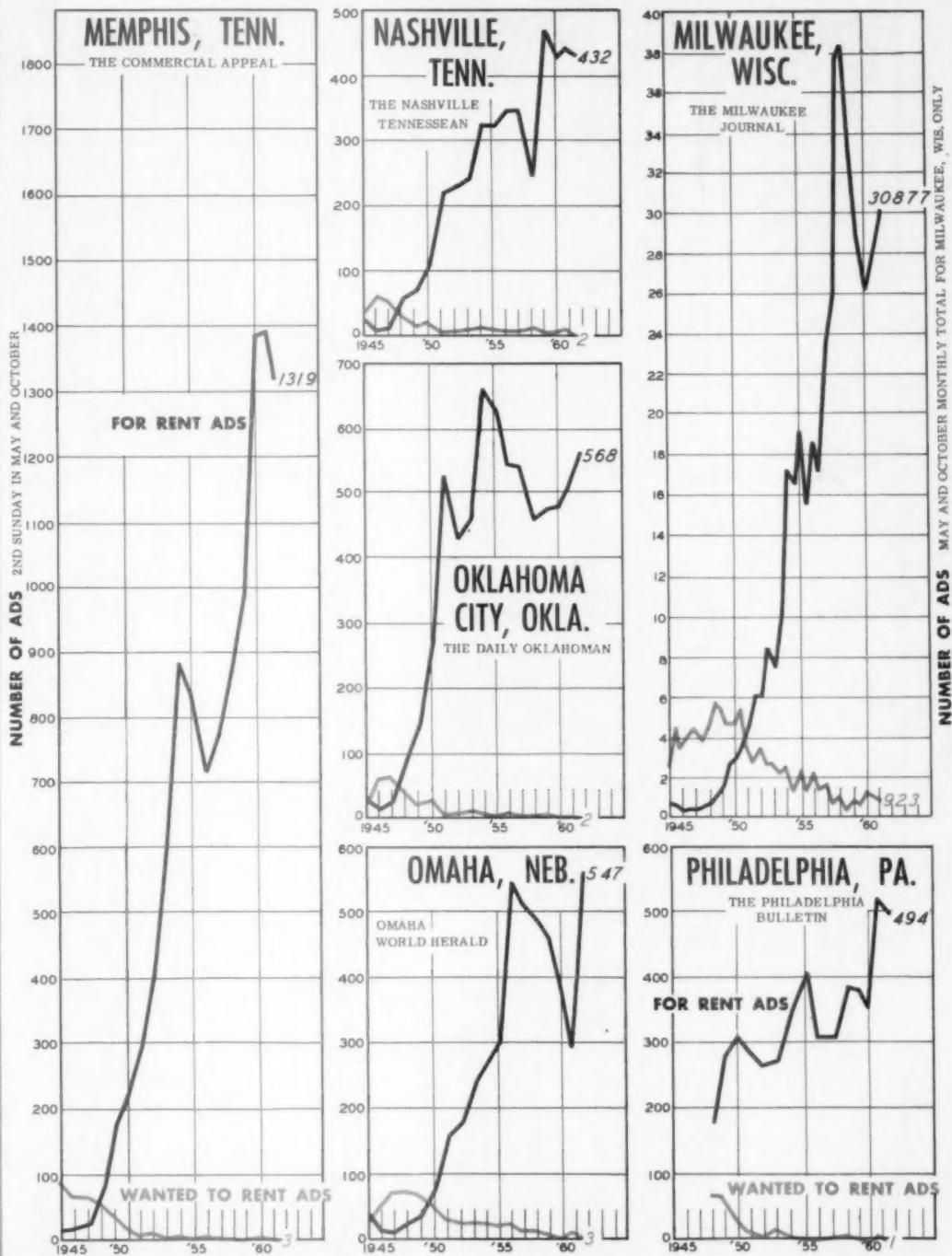
SUPPLY & DEMAND OF RENTAL HOUSING



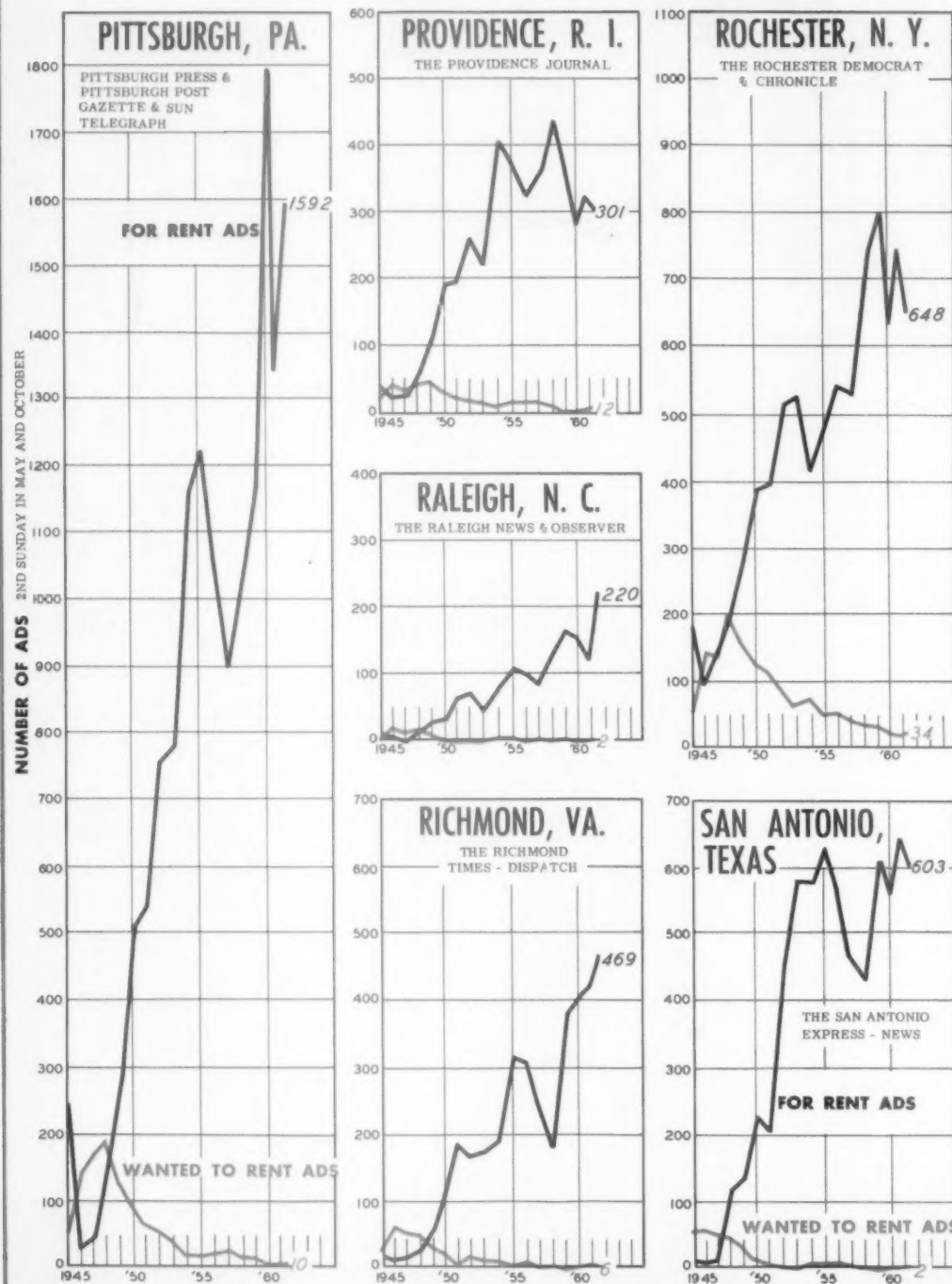
SUPPLY & DEMAND OF RENTAL HOUSING



SUPPLY & DEMAND OF RENTAL HOUSING

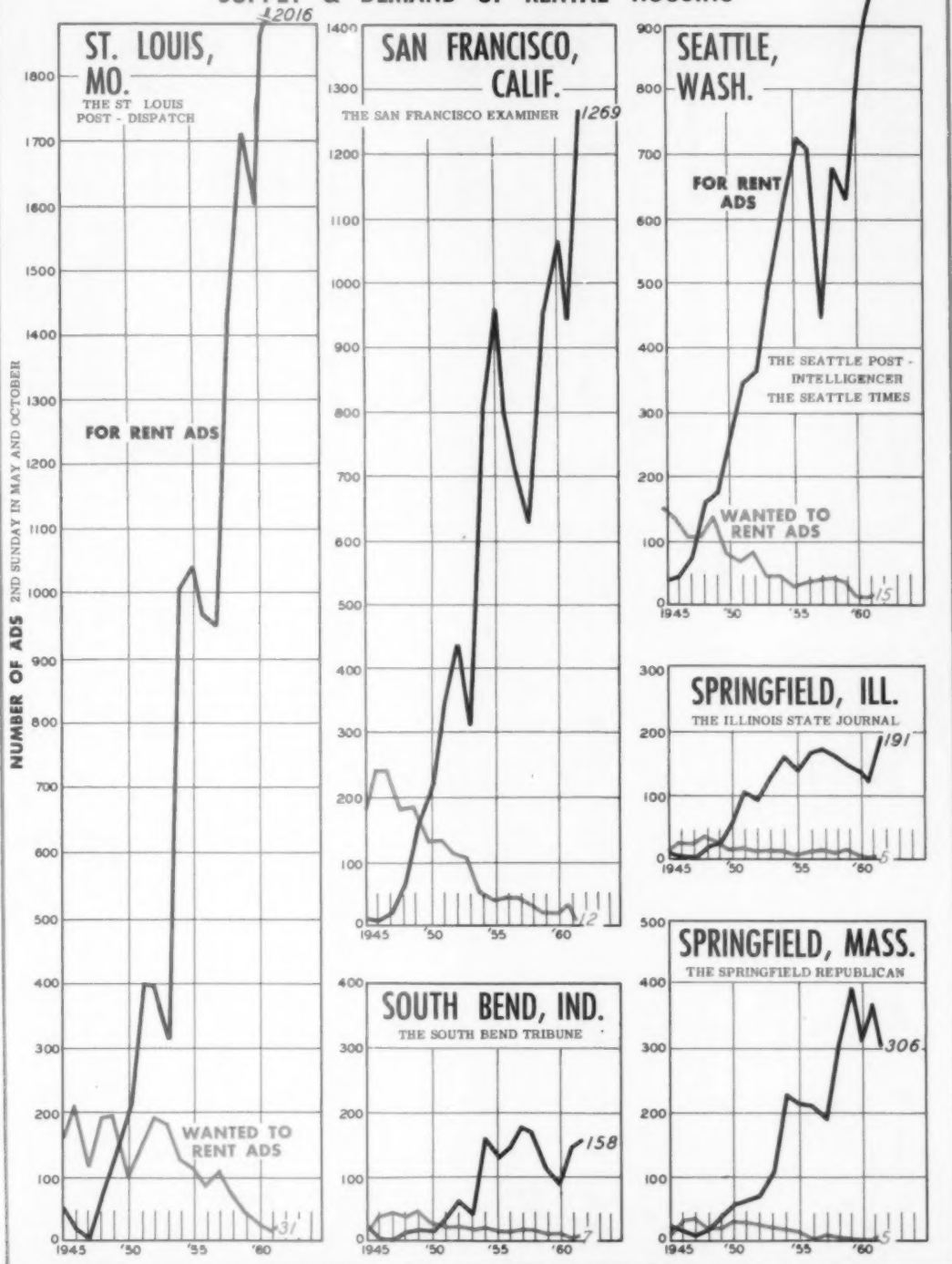


SUPPLY & DEMAND OF RENTAL HOUSING

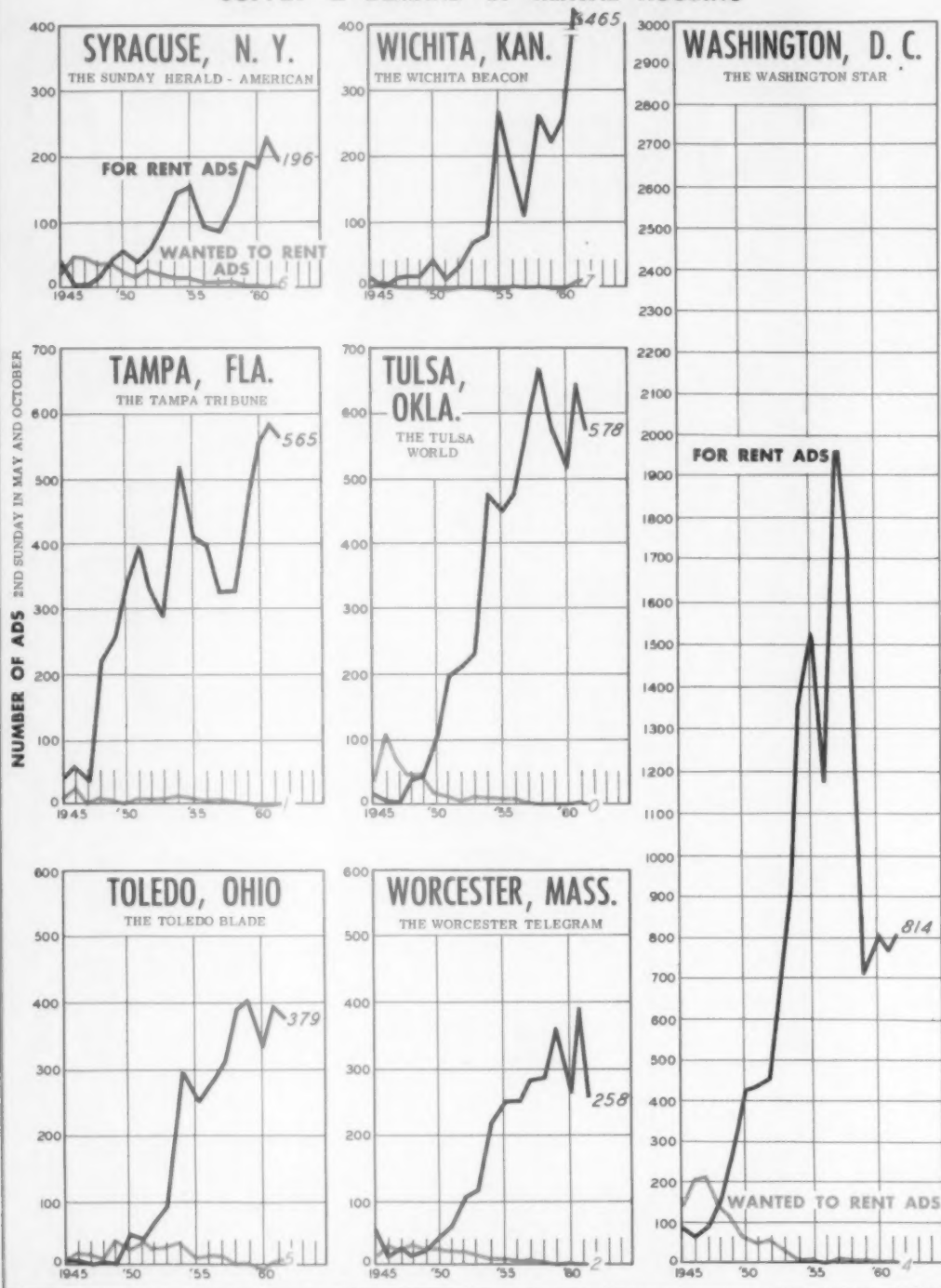


© by ROY WENZLUK RESEARCH CORP., 1961

SUPPLY & DEMAND OF RENTAL HOUSING

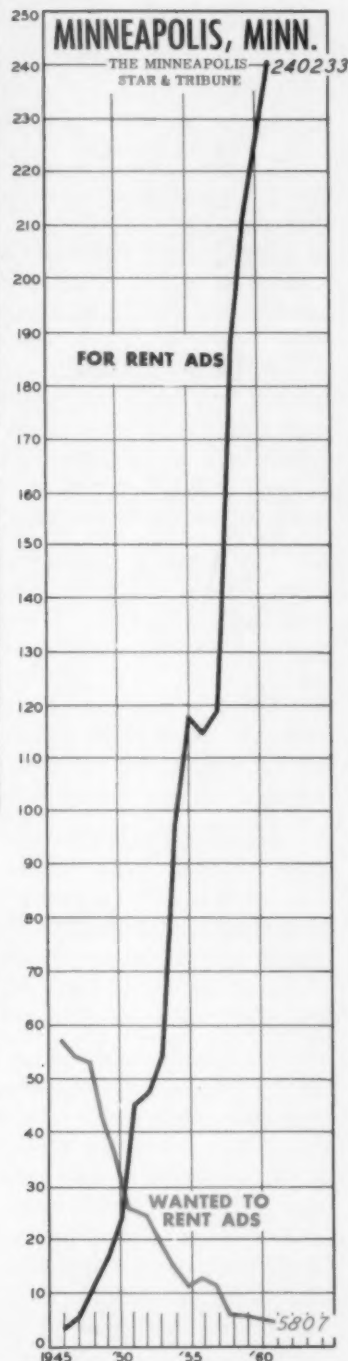
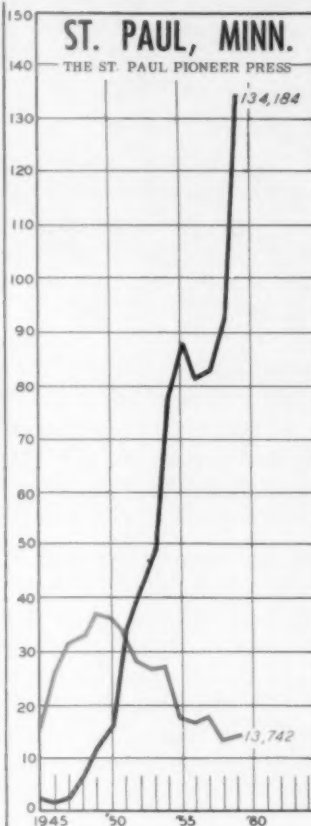
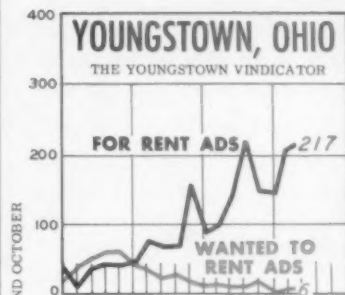


SUPPLY & DEMAND OF RENTAL HOUSING



© by ROY WENZLICK RESEARCH CORP., 1961

SUPPLY & DEMAND OF RENTAL HOUSING



YEARLY TOTAL OF ADS IN THOUSANDS

Only for Minneapolis, Minn.,
and St. Paul, Minn.

(cont. from page 381)

four months of 1961, apartment and other rental-type construction has remained high. Rental-type units were 26 percent of the total number of units constructed during the first four months of 1961. We have built almost as many rental-type units in the first part of 1961 -- 91,400 -- as we did during the first part of 1959 -- 94,600.

The apartment in a good location is still a good investment. Since we have had a recession in business in the last six months, doubling up may have caused some of the increase in vacancies. The amount of new apartment building was harder to absorb during this period. The situation should improve as general business recovers, since the underlying market for well-located and well-maintained apartments is still sound.

OFFICE VACANCIES INCREASE, TOO -- The percent of all office space vacant, as reported by the National Association of Building Owners and Managers, has increased from 4.82 percent in October 1960 to 5.01 percent in May 1961. Of the 57 cities in the survey, 41 had a greater vacancy than this, while only 16 had a lower one. Fresno, California, had the highest rate, 26.92 percent. The lowest vacancy rate was .87 percent in Columbus, Ohio.

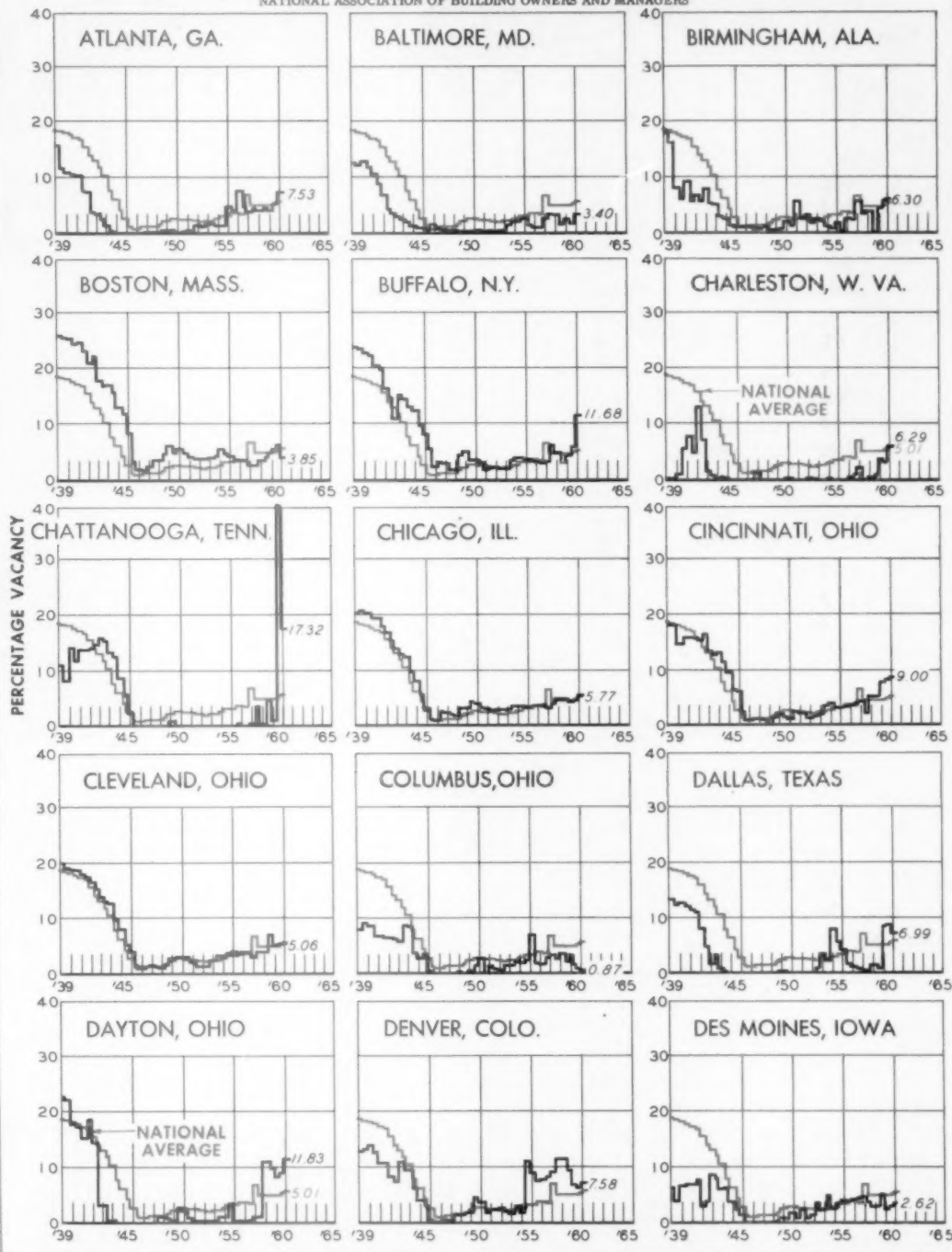
The average vacancy rate for competitive space potentially available to the open market is higher than the overall vacancy rate -- 6.03 percent compared with 5.01 percent. The following data are based on the competitive vacancy space. As one would expect, the vacancy rate for offices built prior to January 1, 1946, 7.27 percent, is higher than the rate (5.63 percent) for offices built in the postwar period. Air conditioning, too, makes a great deal of difference. For fully air-conditioned space, the vacancy rate was only 5.07 percent. For partly air-conditioned space, however, it was 8.18 percent, and for space not air-conditioned, the vacancy rate was 9.93 percent.

Since there seems to be little difference between the competitive vacancy rate and that of all office space in most cities, we have dropped the dotted blue line showing the vacancy rate in competitive office space from the individual city charts. Otherwise the charts are the same as before. They compare the percentage of all space reported that is vacant in each city, the blue line, with the average percentage of all space reported that is vacant for all cities, the red line. You will find these charts on pages 393 through 396.

The remarkable point to be made is that the vacancy rate is still as low as it is, in spite of the tremendous volume of new building that has taken place. For example, since October 1, 1954, there has been an addition of at least 623,000 square feet of office space in Denver, Colorado. About the time that the first of this space entered the market, the office building vacancy rate in that city increased to over 10 percent and remained at that level until 1959. It is now down to 7.58 percent, an increase from 6.20 percent last October. New York City is perhaps a better example. Since 1947 nearly 35 million square feet of office space have been added in the Manhattan area, while the office vacancy rate is still only 2.8 percent. For New York City it is only 2.48 percent.

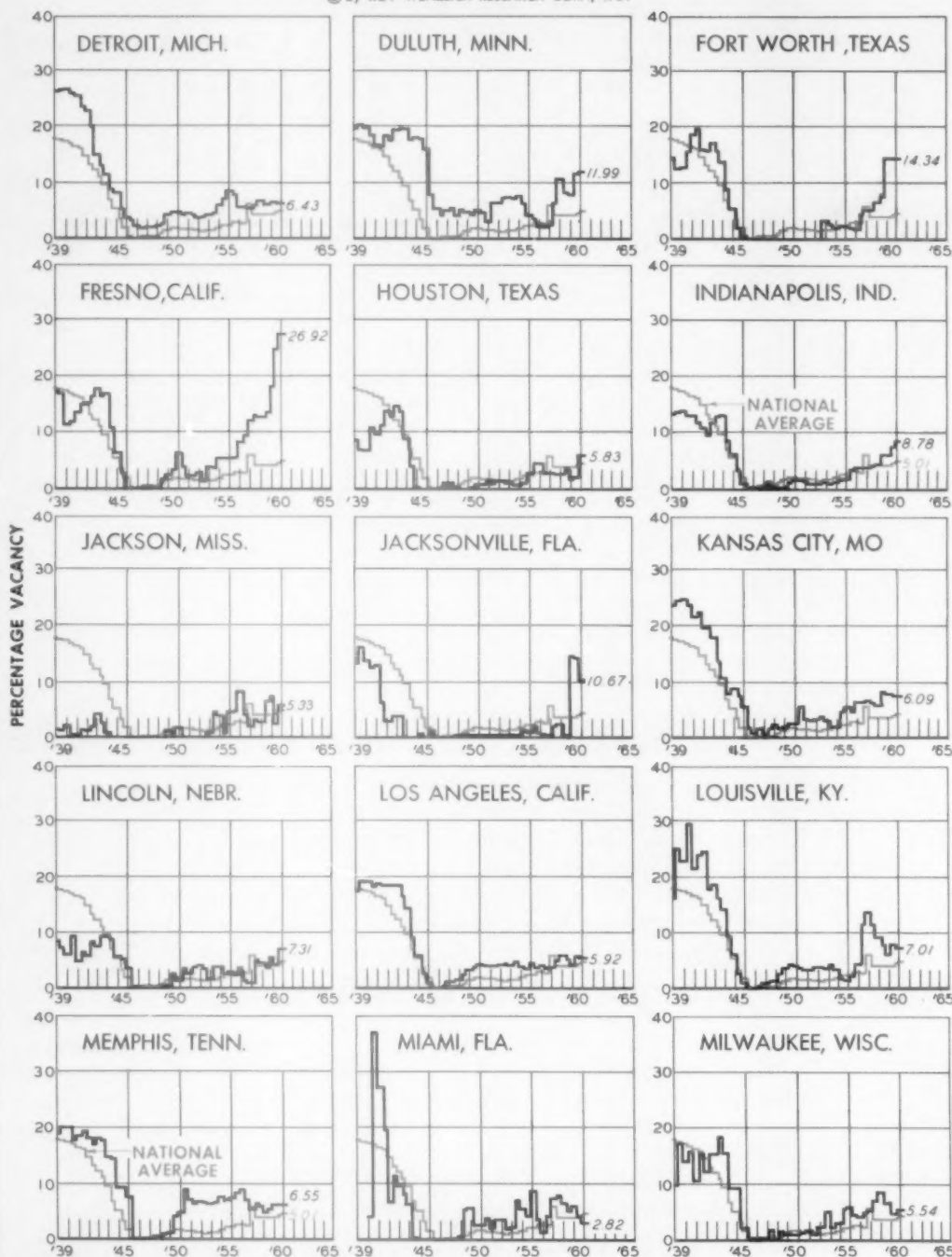
OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

CHARTED BY ROY WENZLICK RESEARCH CORP. FROM DATA FURNISHED BY THE
NATIONAL ASSOCIATION OF BUILDING OWNERS AND MANAGERS



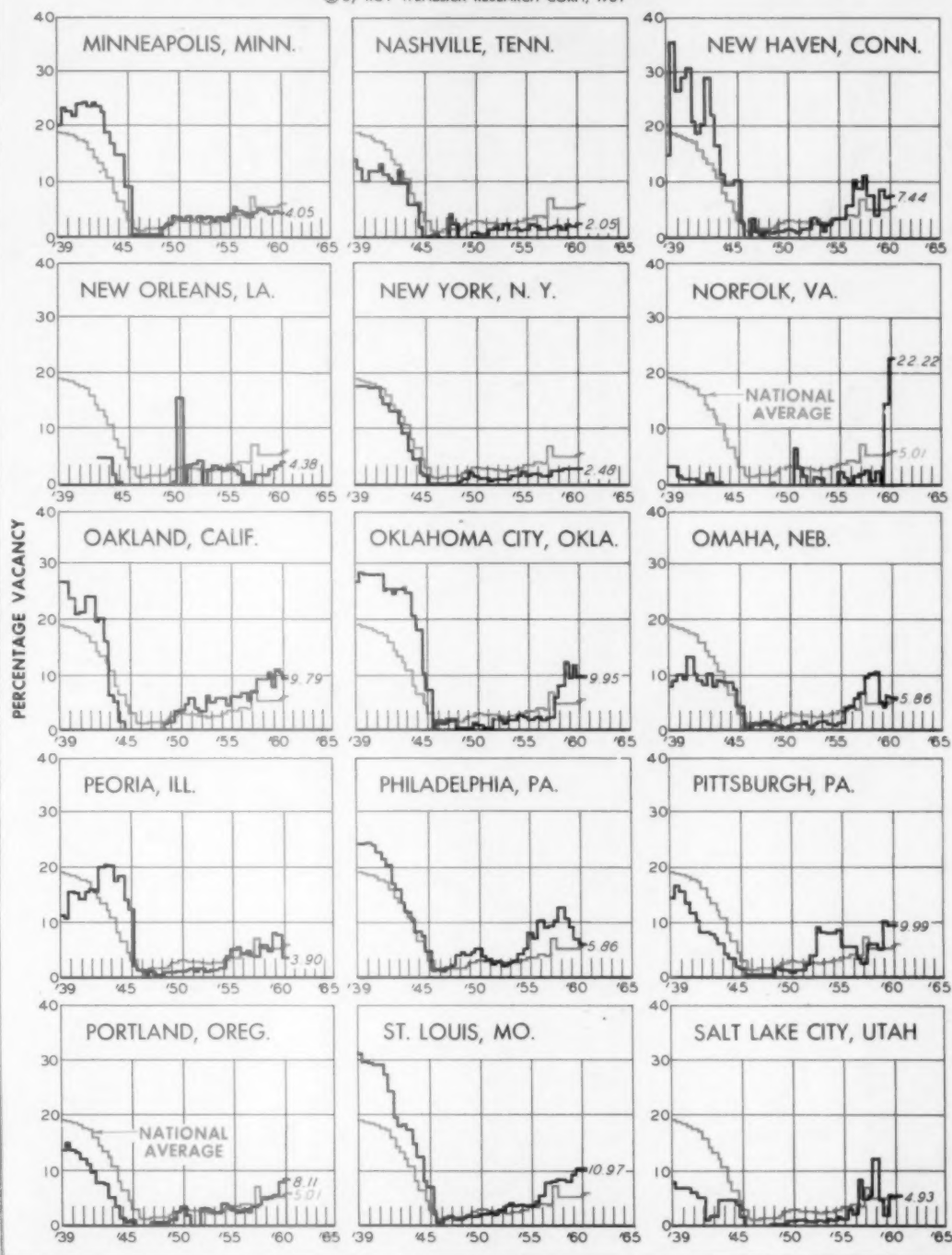
OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

© by ROY WENZLICK RESEARCH CORP., 1961



OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

© by ROY WENZLICK RESEARCH CORP., 1961



OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

© by ROY WENZLICK RESEARCH CORP., 1961

